

CH Biotech R&D Co., LTD.

Operational Procedures for Endorsements/Guarantees for Others

The Procedures were enacted at Shareholders Meeting on September 18, 2014

The first amendment to the Procedures was made on June 5, 2018

The second amendment to the Procedures was made on December 11, 2018

The third amendment to the Procedures was made on May 27, 2020

Article 1 Purpose

In order to organize the work of endorsements and guarantees in the Company to set up operational procedures in accordance with the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, all the work of endorsements and guarantees in the Company shall be conducted in compliance.

Article 2 Scope

The operational procedure to endorsements and guarantees includes the following:

1. Financing endorsements includes the following: (1) financing of discounted tickets; (2) endorsements and guarantees for other company’s financing purposes; (3) drawing bills for non-financing business as a guarantee based on the Company’s financing purpose.
2. Endorsements and guarantees for tariff: hereby is referring to any endorsement and guarantee regarding to tariff to the Company or other companies.
3. Other endorsements and guarantees: hereby is referring to those cannot be classified into article 1.2 endorsements and guarantees.
4. The operational procedure shall be followed if the Company is providing creation of pledge or lien of any property or real estate to other companies’ loan.

Article 3 Conditions to the recipients of endorsements and guarantees

1. Recipients of endorsements and guarantees:
 - A. A company with which it does business.
 - B. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
 - C. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the number of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

For circumstances in which an entity for which the Company makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, the Company shall monitor its financial status in accordance with Regulations Monitoring and Supervising Subsidiary and report to Board of Directors. In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

- D. Except the situation the Company with their shareholders make endorsements and guarantees for their jointly invested company based on their shareholding percentages that is not limited to the provision described in the preceding paragraph and may proceed endorsements and guarantees.

The term “investment” as used in the preceding paragraph means the investment directly made by the Company or indirectly made through a firm whose voting share are 100% owned by the Company.

2. Condition:

The Company affiliates or for those with business matters who hold a certain guarantee, lien, or pledge, and require for endorsements and guarantees from the Company; even though they are qualified to apply for it but still not entitled for endorsements and guarantees from the Company are as followed:

- A. For those who are not conducive to the Company
- B. For those who exceeds the quota of endorsements and guarantees from the Company.
- C. For those who has bad records in loan or debt dispute.
- D. For those who has poor reputation.

Article 4 Quota of endorsements and guarantees

The total money of endorsements and guarantees from the Company shall not exceed 90% of the net worth, and the highest amount of it to a single enterprise shall not exceed 75% of the net worth of the Company.

The grand total amount of the endorsements and guarantees from the Company to single enterprise shall not exceed the quota to that certain enterprise.

A formal report is necessary on the conference of shareholders for the necessity and purpose if the total amount of endorsements and guarantees from the Company to the subsidiaries has reached 50% of the Company net worth.

Article 5 Approval authority

The approval from the board of directors in the Company is required for the Company's affiliates and for those with business matters who need endorsements and guarantees from the Company. The board may authorize the chairperson in accordance with operational procedures for a foreign endorsement which the sum shall not exceed one billion New Taiwanese dollar, and follow-up reports should be proposed to the conferences of the board and shareholders for future references. For those subsidiaries that the Company is directly or indirectly holding over 90% of the shares with right to vote which endorsements and guarantees should be first proposed to the board then processed in accordance with article 3 section 1. However, for those the Company holds directly or indirectly 100% of the share with right to vote are not bound with this regulation. Where the independent directors have been established, when loaning funds to others, the Company shall take into full consideration of each independent director's opinions; the independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board meetings.

Article 6 Operational Procedures for Endorsements/Guarantees for Others

1. For those enterprise who received endorsement and guarantees from the Company with a reasonable money within the quota should fill in the requisition to the Department of Finance of the Company, and the finance dept. should evaluate the case with knowledge and investigation as appropriate. Considering the endorsements and guarantees is based on business courses, the evaluating task shall be included the necessity and purpose as followed: (1) whether the business courses and the money of endorsements and guarantees is appropriate or not, (2) the effects and risks on the Company's operation, finance status and shareholders' right, (3) whether require collateral and its estimated value or not.
2. The reference book of endorsements and guarantees from Department of Finance should note down all the details about the object, money, date of endorsement and guarantees approved by the board or the director, all the matters need to be evaluated, details of the collateral and its estimated value, conditions and date when discharge the liability of endorsement and guarantees.
3. All the repayment of endorsements and guarantees from enterprise should be notified to the Company to be discharged related liability and to be noted down for the future references.
4. Department of Finance should evaluate periodically in accordance with Finance Accounting Standards no.9 not only to acknowledge the contingent losses and to

disclose concerned information regarding to endorsements and guarantees in financing reports but also to provide those information to certifying certified public accountant for required audit procedures and the results.

Article 7 Procedures for custody of seals

The same seal has been used for Company registration to Ministry of Economic Affairs R.O.C and the Company endorsement and guarantees. The seals and bills are kept separately with concerned personnel and the use is required in accordance with related regulations and procedures; all the changes regarding to custodian should be proposed to and approved by the board of directors.

Article 8: Cautions for operation of endorsements and guarantees

1. The internal auditors of the Company should audit all the operational procedures for endorsement and guarantees every season and put it into a written report; all the material violation, if any, shall be forwarded in writing to the Audit Committee.
2. Should any original qualified object of endorsement and guarantees change into disqualified due to the changes of the Company, or the money exceeds the quota according to article 4 due to the change of calculation basis; modification and amendment should be made accordingly and the improvement and its schedule should be forwarded to the Audit Committee and the board of directors.
3. For those who exceeds the limited quota that requires for business courses requirements and accords with the rest provided conditions, in which should be approved by the board and a joint guarantee should be made by them for potential risk to exceeding. Modification and amendment for the operational procedure should be made accordingly and forwarded to the shareholders conference for approval. Should the shareholders disapprove, a plan to eliminate the exceeding part within a certain period should be proposed accordingly. The opinions from the independent director in the foregoing board conferences should be fully taken into consideration and noted down into the record regardless agreement or disagreement.
4. Guarantees to be issued by the Company shall be handled by a specific person authorized by the Board of Directors.

Article 9 Notices to be declared – deadline and content

1. The aggregate balance of endorsements/guarantees of the Company and its subsidiary from the previous month shall be declared publicly before the 10th day of each month.
2. The balance of endorsements/guarantees reaches one of the following levels shall be declared publicly such event within two days commencing immediately from the date of occurrence:
 - A. The aggregate balance of endorsements/guarantees by the public company and its subsidiaries reaches 50 percent or more of the public Company's net worth as stated in its latest financial statement.
 - B. If the balance of endorsements and guarantees of the Company to a single enterprise is more than 20% of the Company's net worth by the latest finance statement.
 - C. The balance of endorsements/guarantees by the Company and its subsidiary for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.
 - D. The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.
3. The Company shall declare if its subsidiaries is not belonged to domestic public company, and which is belonged to section 2.4 by notices should be declared.
4. The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for

implementation of necessary auditing procedures.

Article 10 Operational Procedures for Endorsements/Guarantees for Others to subsidiaries

1. When the Company's subsidiary is intending to make endorsements or guarantees for others shall formulate its Operational Procedures for Endorsements/Guarantees in compliance with Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and perform with the operational procedures.
2. The subsidiary shall make an Endorsements/Guarantees List prior to the 10th of each month and submit it to the Company.
3. When the Company's internal auditors undertake auditing at the subsidiary in accordance with annual auditing plan, they shall understand the implementation of Operational Procedures for Endorsements/Guarantees for Others. They shall promptly notify the Audit Committee in writing of any material violation found.

Article 11 Penalties

Any personnel who are in relation to the business and conduct otherwise shall be punished in accordance with the Company's relevant regulations.

Article 12 Implementation and amendment

The Company shall establish or modify the Procedures in accordance with the Regulations. After the Procedures have been approved by more than half of all Audit Committee members, it shall be submitted to the Board of Directors and then Shareholders' Meeting for approval. When the Procedures are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If and independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors Meeting.

If approval of more than half of all Audit Committee members as required in paragraph 1 is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors Meeting.

The term "all Audit Committee members" in the paragraph 1 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.